MAJUPERAK TEPUNG BERAS SDN BHD

v.

TIGA GAJAH CHO HENG SDN BHD

COURT OF APPEAL, KUALA LUMPUR
GOPAL SRI RAM JCA
MOKHTAR SIDIN JCA
ABDUL KADIR SULAIMAN JCA
[CIVIL APPEAL NO: W-03-29-1996]
24 APRIL 2001

TRADE MARKS: *Trade description - Registered trade mark infringement and false trade description - Trade description order - Whether precise description of trade mark necessary in a trade description order - Trade Descriptions Act 1972, s. 16(1)*

In a dispute about the use of a trademark, the respondent who was the registered user of the trademark in question obtained a trade description order. The appellant failed in its attempts to set aside that order and to have the Register of Trademarks rectified. It then applied to the Court of Appeal.

The ground of the appellant's application was that the *ex parte* trade description order obtained by the respondent failed to identify with sufficient precision the infringing trademark as required by s. 16(1) of the Trade Descriptions Act 1972 ('the Act').

Held:
Per Gopal Sri Ram JCA

[1] All that the owner of a trademark has to do under s. 16 of the Act is to obtain an order *ex parte*. Once that happens, the far-reaching consequences spelt out in the Act follow. Therefore, the section should be read restrictively in the interest of preserving the individual's liberty.

[2] There was nothing in the trade description order that identified the infringing mark with precision. There was no other description of the mark either by reference to colour or other distinguishing feature. In those circumstances, merely annexing a mark to the order without proper description did not satisfy the requirements of s. 16 of the Act. There was therefore non-compliance with the terms of the said section when the *ex parte* order was obtained.

[Appeal allowed.]

*[**Bahasa Malaysia** Translation Of Headnotes]*

Dalam satu pertikaian yang melibatkan penggunaan suatu tanda niaga, pihak responden yang merupakan pengguna berdaftar tanda niaga tersebut telah mendapatkan perintah perihal dagangan. Pihak perayu tidak berjaya dalam percubaan mereka untuk mengenepikan perintah tersebut dan untuk membetulkan daftar tanda niaga. Mereka telah memohon kepada Mahkamah Rayuan.

Hujah-hujah dalam permohonan perayu ialah bahawa perintah perihal dagangan yang diperolehi oleh responden secara *ex parte* telah gagal mengenalpasti dengan tepat tanda niaga yang bertentangan sepertimana diperuntukkan di bawah s. 16(1) Akta Perihal Dagangan 1972 ('Akta tersebut').

Diputuskan:
Oleh Gopal Sri Ram HMR

[1] Pemilik tanda niaga hanya perlu memperolehi satu perintah *ex parte* dibawah s. 16 Akta tersebut. Apabila itu berlaku, akibat-akibat seterusnya yang terkandung dalam Akta tersebut akan menyusul. Oleh yang demikian seksyen tersebut perlu dibaca dengan tepat untuk memelihara kepentingan kebebasan seseorang individual.

[2] Tidak ada sebarang unsur dalam perintah perihal dagangan yang mengenal-pasti tanda yang bertentangan itu dengan tepatnya. Tidak ada sebarang unsur tanda berkenaan dengan warnanya atau ciri nyata yang lain. Dalam keadaan itu, hanya mengepilkan tanda kepada perintah itu tanpa penghuraian yang wajar tidak mematuhi s. 16 Akta tersebut. Dengan itu, terdapat pelanggaran pada syarat-syarat dalam seksyen tersebut apabila perintah *ex parte* diperolehi.

[Rayuan dibenarkan.]

Case(s) referred to:

Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd [1997] 5 MLJ 249 ***(refd)***

Jetaine Corporation Sdn Bhd v. JC Laboratory Sdn Bhd [2000] 4 CLJ 629 ***(refd)***

Lau Foo Sun v. Government of Malaysia [1970] 2 MLJ 70 ***(refd)***

Luggage Distributors (M) Sdn Bhd v. Tan Hor Teng & Anor [1995] 1 MLJ 719 ***(refd)***

Melan Abdullah v. PP [1971] 2 MLJ 280 ***(refd)***

NV Sumatra Tobacco Trading Co v. PT Sampoerna JL Sdn Bhd [1997] 3 CLJ 946 ***(refd)***

Re Chan Kuan Sang [1993] 2 MLJ 375 ***(refd)***

Re Johnson & Johnson [1993] 3 CLJ 127 ***(refd)***

Socoil Corporation Bhd v. Ng Foo Chong & Anor [1981] 2 MLJ 7 ***(refd)***

Socoil Corporation Bhd v. Ng Foo Chong & Anor [1984] 2 MLJ 85 ***(refd)***

Legislation referred to:
Trade Descriptions Act 1972, s. 16(1)

For the appellant - Lim Chee Wee; M/s Skrine & Co
For the respondent - Karen Abraham; M/s Shearn Delamore & Co

[Appeal from High Court, Kuala Lumpur; Originating Summons No: D6-24-175-92]

Reported by Yow Ting Fong

JUDGMENT

Gopal Sri Ram JCA:

In essence there is only one point of law of any importance in this case. It caused us to reserve judgment at the close of arguments. The other issues raised by the appellant are utterly devoid of any merit. But I think I owe it to the efforts of counsel on both sides who have argued this appeal with exceptional ability to deal with some of them.

The facts forming the background to the case have been dealt with at great length by the learned judge in the court below. His judgment is reported. See, [1997] 4 MLJ 504. I therefore do not propose to repeat the facts here. Suffice to say that this is a dispute about the use of a trademark. Both sides claim the right to use it. But the respondent is the registered user of the mark in question. To protect itself, the respondent obtained a trade description order. The appellant applied to set aside that order. It also applied to have the Register of Trademarks rectified. It failed in both. It has now appealed to us.

At the outset, the appellant moved us to adduce further evidence. The evidence in question was the fact that the Registrar of Trade Marks had approved the appellant's application to register several months after judgment in this case had been delivered by the High Court. After hearing lengthy argument, we denied the appellant's request in the exercise of our discretion. I found myself in agreement with the argument of counsel for the respondent that even if the fresh evidence were to be admitted, it would make no difference to the result. In other words, the evidence is irrelevant to the facts in issue. The fact that the evidence, if admitted, would not influence the result of the case is a relevant consideration in an application of this nature. See, *Lau Foo Sun v. Government of Malaysia* [1970] 2 MLJ 70.

With that I turn to the arguments on the substantive appeal. As I said a moment ago, there is only one point of any substance here. It has to do with the validity of the trade description order obtained by the respondent. Mr. Lim Chee Wee for the appellant informed us that the point was not raised in the court below. But I do not see that as an impediment. Indeed, I am satisfied that the point should be admitted for argument in the interests of justice. See,

Luggage Distributors (M) Sdn Bhd v. Tan Hor Teng & Anor [1995] 1 MLJ 719. There is the added fact that Ms. Abraham for the respondent raised no objections to the admission of the point for argument. I must now deal with the argument.

Mr. Lim says that the *ex parte* trade description order obtained by the respondent on 11 September 1992 is fatally flawed because it fails to identify with sufficient precision the infringing trademark. Such identification, says counsel, is mandated by s. 16(1) of the Trade Descriptions Act 1972 ("the Act"). That sub-section reads as follows:

> 16(1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established –
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> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being infringed in the course of trade as a result of which he has a right of action for passing off,
>
> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.

The section has been considered in three cases.

In *Re Chan Kuan Sang* [1993] 2 MLJ 375, Abdul Aziz J held that an applicant under of s. 16(1) of the Act was obliged to identify clearly and specifically the contravening trade mark. He went on to hold that the contravening trade mark must be the subject of allegations in the application and that it cannot be understood as encompassing any other trade mark which was not the subject of the applicant's allegations.

This view was followed by Vincent Ng J in *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd* [1997] 5 MLJ 249. He said (at p. 253):

> Section 16 of the Act is a drastic measure to be taken by any party and therefore the court should construe it strictly. Thus, I would, with respect, wholly agree with the judgment of Abdul Aziz J in *Re Chan Kuan Sang* [1993] AIPR 360 where he said that:

> … an infringing trade mark capable of being the subject of a Trade Description Order must be a particular trade mark identified clearly and specifically: it must be the trade mark which is the subject of the applicant's allegation, and cannot be understood or misunderstood as encompassing any other trade mark which was not the subject of the applicant's allegation.
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> Careful reading of s. 16 of the Act leaves me with no alternative but to hold that a trade description order can only be given as against specific infringing trade marks if particulars of the trade mark offender is known, and that such offender would have to be made a party in the proceedings. And, a loosely-described trade description order cannot be allowed as it would be contrary to the very specific terms of this statutory provision; since any ambiguity would result in grave injustice being committed as has happened in the intervenor's case when (as alleged) the enforcement unit of the Ministry of Trade and Industry initiated criminal prosecution against the intervenors.

The third case is *Re Johnson & Johnson* [1993] 3 CLJ 127. It is also a decision of Abdul Aziz J. In that case too it was held, *inter alia*, that s. 16(1) called for a clear and specific identification of the infringing trademark.

Ms. Abraham argued that the decision in *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd (supra)* is distinguishable on the facts. She also informed us that the decision in that case had been appealed to this court. In respect of the other two judgments of Abdul Aziz J, counsel says that little or no weight should be attached to them as they were pronouncements on *ex parte* applications without the benefit of any argument. The respondent seeks to rely on three other authorities which counsel says point in the opposite direction.

The first of these is *Socoil Corporation Bhd. v. Ng Foo Chong & Anor* [1981] 2 MLJ 7, where at p. 9 Lee Hun Hoe CJ (Borneo) said (at p. 8):

> Both parties have filed affidavits in support of their applications. The learned judge was apparently satisfied on the evidence that respondents had established the two things under section 16 when he made the order. Appellants had failed to show why respondents are not entitled to protection under section 16. The contention that there is a conspicuous absence of any evidence of user or of promotion and advertisement of the mark by respondents does not advance the application of appellants any further as these requirements are not necessary for an order under section 16. Also, there is nothing requiring respondents to serve any paper on any affected person. Further, neither section 16 nor any other section requires the hearing to be *inter partes*. Of course, the court may, in the exercise of their inherent jurisdiction, direct the papers to be served on an interested or affected party.

The decision of the former Federal Court was affirmed by the Privy Council. See *Socoil Corporation Bhd. v. Ng Foo Chong & Anor* [1984] 2 MLJ 85. And counsel for the respondent seeks to rely on certain observations made by Lord Templeman in the course of delivering the advice of the Board. His Lordship said:

> The respondents being registered proprietors of the trade mark, it was for the appellant to show reason why an order should not be made under section 16. The appellant failed to lead any evidence on non-user or on absence of confusion, and did not even contradict the affidavit evidence of the respondents which deposed that the trade mark was in use in Sabah and that the use of the golden dragon mark was calculated to lead the public to believe that cooking oils sold under that mark were the produce and manufacture of the respondents.
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> It was submitted that section 16 was only intended to protect the public and was not intended to protect the registered proprietor of a trade mark who should before applying for an order under section 16, so it was said, take civil proceedings proving the validity and user of his mark. Section 16 however confers express and unconditional power on a registered proprietor to make an application thereunder. The appellant had an opportunity of persuading the learned judge that in the exercise of his discretion an order should not be made. They failed to persuade the judge and there are no grounds upon which the exercise of the learned judge's discretion could be interfered with.

I have read and re-read the judgments of the learned Chief Justice of Borneo and of Lord Templeman but I must confess that I am unable to find anything in them that answers the point taken by Mr. Lim in this case. I am therefore of the opinion that the judgments in that case are of no assistance upon the point that forms the lynch pin of the appellant's case before us.

The second authority relied on by the respondent is *NV Sumatra Tobacco Trading Co. v. PT Sampoerna JL Sdn. Bhd.* [1997] 3 CLJ 946. That is a case of a judgment at first instance in which it was held that s. 16(1) of the Act authorises the making of an *ex parte* application for a trade description order. With respect to counsel, that decision has little or no bearing on the argument pressed by the appellants in the present instance.

The third case on which reliance is placed is *Jetaine Corporation Sdn. Bhd. v. JC Laboratory Sdn. Bhd.* [2000] 4 CLJ 629. It is also a decision of Steve Shim J. given at first instance. But it is against the respondent. For, in that case it was held that there had been insufficient identification of the offender or his products in the *ex parte* trade description order. And the order was set aside on that ground as well as for the reason that there had been non-disclosure of material facts.

I have considered the rival arguments of counsel before us. I have read all the authorities that were cited during argument. After a careful reading of the section and having regard to the philosophy behind it, I am of the view that there is merit in the appellant's argument. In my judgment, the views expressed by Abdul Aziz J, Vincent Ng J and Steve Shim J in the cases already cited above correctly represent the law governing applications under s. 16 of the Act. Indeed, I find no authority of any consequence going in the opposite direction. It must not be forgotten that s. 16 is a most draconian piece of legislation. It provides for penal consequences. All that the owner of a mark has to do under the section is to obtain an order *ex parte*. Once that happens, the far-reaching consequences spelt out in the Act follow. I am therefore of the view that the section should be read restrictively in the interest of preserving the individual's liberty. Our courts have always adopted such an approach to statutes that produce criminal consequences. See, for example *Melan bin Abdullah v. Public Prosecutor* [1971] 2 MLJ 280. Also, some measure of control or supervision must be imposed to prevent the section from being misused. The requirement that the order under s. 16 of the Act must be specific and must identify the infringing trademark with sufficient precision operates to ensure a measure of protection.

That brings me to the critical question. Did the respondent identify the infringing trademark with sufficient precision? Ms. Abraham says that it did. She says that the relevant mark was annexed to the order. I have looked at the order with care. I can find nothing in it that identifies the infringing mark with precision. It merely refers to "the elephant device as is more specifically represented in the schedule". There is no other description of the mark either by reference to colour or other distinguishing feature. In these circumstances, merely annexing a mark to the order without proper description does not satisfy the requirements of s. 16. There has therefore been non-compliance with the terms of the said section when the *ex parte* order was obtained.

For the reasons already given, I would allow this appeal. The orders made by the court below are set aside with one qualification that I will make in a moment. The trade description order dated 11 September 1992 is hereby set aside. The respondent's motion on which the offending order was made is dismissed. The respondent must pay the costs of the appeal. But the order for costs made by the judge in the court below shall stand. That is because the appellant has succeeded on a point not raised in the court below. The respondent should not therefore be deprived of the costs justly awarded to it on the footing of the arguments Mr. Lim raised in the High Court. The deposit lodged in court is refunded to the appellant.

My learned brothers Mokhtar Sidin and Abdul Kadir Sulaiman, JJCA have read this judgment in draft and have expressed their agreement with it.